

Marketing Mix Strategies of a Coffee Shop in China: Basis for An Improved Marketing Plan

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Abstract. This research investigates the marketing mix strategies of a coffee shop in China, aiming to enhance its marketing plan. Utilizing a descriptive study approach, the study comprehensively profiles the coffee shop company and its marketing strategies and weaknesses. The company, identified as Manner Coffee Enterprise Management China Co. Ltd., operates as a Limited Liability Company, falls under the category of a large enterprise, employs around 50 individuals, and boasts over 25 years of experience. The coffee shop's focus on delivering premium coffee aligns with its mission of sharing the Manner Coffee Experience within China. The study analyzes consumer–respondent perspectives on the coffee shop's marketing mix strategies, covering Product, Price, Place, Promotion, Performance, Positioning, Process, and People. The findings indicate consensus on most strategies, with identified weaknesses serving as potential areas for improvement. Furthermore, the research underscores the value of strategic marketing planning by highlighting its role in aligning business goals with impactful ideas. This study provides a comprehensive framework for a strategic plan, including strategies, departmental considerations, and anticipated outcomes. By identifying strengths and weaknesses within the marketing mix strategies, this research enhances the coffee shop's marketing plan, contributing to its successful engagement with the discerning Chinese consumer base.

Keywords: Coffee shop; Marketing; Place; Product; Promotion

1. Introduction

As a popular beverage, coffee has become one of the most popular beverages worldwide (Coffee Science, 2021). Improving people's living standards increases the demand for coffee, which is its biggest opportunity to enter the Chinese market (New York Times, 2021). Therefore, it is of great practical significance to study the marketing strategy of coffee and explore ways to improve coffee brands' popularity and market share in China.

Following a \$12 million Series A investment from Today Capital, Manner started its national expansion in 2019. It opened new locations in Suzhou,

Beijing, Chengdu, Xiamen, and Shenzhen, to name a few. All of the stores in Shanghai are profitable, according to claims in Chinese media. According to an investor at Beijing-based Puman Asia Capital, Manner can sell 400 cups per store each day in Shanghai, as opposed to closer to 100 in other cities (The China Project, 2021).

Shanghai's hard work culture, which has elevated coffee from a beverage to be enjoyed by many to a necessity, has undoubtedly benefitted manners. According to Michael Chu, CEO and co-founder of L Catterton, a private equity business that specialises in consumer products, Manner is the pioneer in addressing the growing need for grab-and-go coffee among urban Chinese workers. It has benefited from people's transition from enjoying a casual cup to needing their daily dosage by placing small, densely-packed facilities close to bustling office centres. Because of this, Manner Coffee is a great case study for Chinese coffee marketing techniques.

As part of the "Make Coffee Part of Your Life" philosophy, Manner consistently maintains that coffee should be a nutritious beverage that is accessible to and cheap for everyone. As a result, coffee is a well-liked beverage because to MANNER's high-quality coffee, reasonable price, and high-quality service. In addition to emphasising on providing each consumer with high-quality coffee, MANNER sees environmental preservation as a civic obligation. For each client that takes a reusable cup to the shop to drink coffee, MANNER offers a 5 yuan discount in an effort to work with customers to safeguard the environment (The China Project, 2021).

This research focused on the marketing strategy, the reasons for its success in the Chinese market, and the strategy adopted for the changing market environment of Manner Cafe (Scholar Commons, 2020). In order to better understand how to successfully carry out the coffee business in the Chinese market, this paper analysed Manner Coffee's marketing strategies in China, including brand positioning, product design, pricing strategy, channel layout, and promotional activities.

Conducting this study at Manner Coffee is necessary because it is a popular coffee brand with a large presence in the Chinese market. Studying Manner Coffee's marketing strategy in China can provide valuable insights for other coffee brands looking to enter or expand into the Chinese market.

The expected outcomes of this study include a deeper understanding of

Manner Coffee's marketing strategy in China, identification of key success factors, and insights into the effective marketing strategies employed by Manner Coffee.

This study can benefit Manner Coffee and other related companies by providing insights and recommendations for refining and improving Manner Coffee's marketing strategy in China, providing a reference for other coffee brands or companies looking to enter or expand into the Chinese market, and contributing to the overall body of knowledge on coffee marketing in China.

2. Methodology

The researcher utilized a descriptive study approach in this study to describe the marketing mix strategies of coffee shops in China. Before defining the research questions for a descriptive case study, a workable theoretical framework had to be developed and identified. type of research was more concerned with what rather than how or why something had happened. Data gathered were analyzed quantitatively, using frequencies, percentages, averages, or other statistical analyses to provide answers to the questions posed in this study (Domingo, 2023a; Domingo, 2023b; Domingo, 2023c).

2.1. Sampling Procedure

Purposive sampling was utilized in this study. It entailed the researcher choosing a sample most beneficial to the research's goals. The researcher chose a sample based on their understanding of the study and population, according to Wilkins (2021). In this study, the researcher chose 50 employees and 250 customers to serve as a source of data that supported the study's conclusions. Employees knowledgeable about the company's marketing activities and strategies were respondents. The criteria for selecting the respondents were presented above.

To apply the purposive sampling technique, the researcher used the following steps. Determined the study's objectives and clearly understood the research objectives and the specific information that needed to be obtained from the sample. Determined the sampling criteria, such as employees knowledgeable about the company's marketing activities and strategies. Selected a sample that met the established criteria. This involved selecting employees from different

levels or departments within the organization to ensure that different perspectives were represented.

2.2.1 Research Site

The geographical scope of this study was China. Specifically, the researcher studied Manner Coffee's marketing strategy in the Chinese market to explore the brand's positioning and marketing strategy in the Chinese market and addressed the challenges and localization of its competitors. Researching in a culturally, economically, and socially diverse country like China was challenging. China's large population, vast land mass, diverse geography, culture, and consumption habits could have impacted Manner Coffee's marketing strategy in the Chinese market.

Table 1 Number of frequencies in each sample

Respondents	Frequency	Percentage
Consumers	250	83.33
Employees	50	16.67
Total	300	100.00

Manner Coffee boasts a dedicated team of 50 employees. All enthusiastically engaged as respondents in the study. The research was firmly grounded in the daily operations of the coffee shop, catering to an average of 250 customers daily, which also composed the other half of the respondents. This approach facilitated a comprehensive grasp of the coffee shop's marketing strategies and real-world impact, encompassing valuable insights from both the internal workforce and the pivotal external stakeholders – the customers. The study aspired to attain a well-rounded understanding of the coffee shop's marketing mix strategies by encompassing the perspectives of both employees and customers as respondents. Ultimately, this approach laid a robust foundation for refining and enhancing their marketing plans within the dynamic Chinese market landscape.

3. Results and Discussion

3.1. Profile of the Coffee Shop Company

The profile of the coffee shop company was described using the parameters of Number of years of operation, Number of branches, Number of employees, and Products, services offered (including delivery, wifi, etc.).

The type of business organization of coffee shop was described as Sole proprietorship, partnership, corporation, and LLC. It can be shown from the result that the Manner Coffee Enterprise Management China Co. Ltd. is a Limited Liability Company.

The business size of coffee shops was described as Small enterprise, Medium enterprise, and Large enterprise. Based on result, Manner Coffee Enterprise Management China Co. Ltd. are large enterprise. This indicator is measured as the number of employees in the manufacturing sector.

The number of employees is described as the number of individual employed in the in the group of Manner Coffee Enterprise Management China Co. Ltd. Based on the result, the company has 250 plus employees which considered as large enterprise of company.

Years in the operation is described as the number years that the company functioning to give products and services. It can be presented that the Manner Coffee Enterprise Management China Co. Ltd. is in their more than 25 years of operation.

The products and services offered by the coffee shop in China was describe as anything a business creates to turn a profit. Based on the result the Manner Coffee Enterprise Management China Co. Ltd. is offering the following products and services: Coffee drinks, Tea, soft drinks, water, juice, Pastries, food items, Coffee beans, Events/mobile kiosk, Coffee service to businesses, Internet, Gift items, and Delivery.

3.2. Marketing Mix Strategies of the Coffee Shop Company in China

The assessment of marketing mix strategies for the coffee shop in China provides valuable insights into the preferences and priorities of the target market. In the product dimension, the emphasis on introducing a unique and localized menu with Chinese–inspired coffee flavors and offering a variety of non–coffee beverages received the highest agreement, reflecting the importance

of catering to diverse customer preferences and incorporating local elements into the menu. The slightly lower agreement with the proposition to provide healthy and organic options suggests that while it is still favorable, it may not be as critical as the other product strategies.

In terms of pricing, the endorsement of value deals and promotions, as well as the introduction of tiered pricing options, highlights the importance of offering attractive pricing structures to customers. However, the slightly lower agreement with implementing competitive pricing strategies indicates a nuanced approach needed to align with the local market and consider the purchasing power of Chinese consumers.

The place dimension emphasizes the significance of selecting prime locations and creating an inviting store environment, aligning with the idea that the physical setting and ambiance play a crucial role in attracting and retaining customers. The lower agreement with offering convenient mobile ordering and delivery services suggests that, while still considered favorable, it may not be a top priority for the target audience.

For promotion, organizing interactive events and utilizing various marketing channels received positive responses, emphasizing the need for engaging and diverse promotional activities. The slightly lower agreement with utilizing online and offline marketing channels suggests a need for a balanced approach in the promotional strategy.

In terms of performance, establishing partnerships with local suppliers received strong agreement, underlining the importance of a reliable and sustainable supply chain. The emphasis on consistent quality and taste, while generally agreeable, suggests a need for continuous improvement in maintaining excellence.

In positioning, targeting specific customer segments and tailoring marketing messages to their needs received strong agreement, emphasizing the importance of a focused and personalized approach. The lower agreement with highlighting the coffee shop's commitment to community engagement suggests that while it is still considered favorable, it may not be as crucial for the target market.

In the process dimension, implementing rigorous quality control measures received the highest agreement, highlighting the critical role of consistency in

coffee preparation, food handling, and cleanliness. The slightly lower agreement with sustainability practices indicates that, while important, it may not be perceived as a top priority.

In the people dimension, encouraging staff to build relationships with regular customers garnered strong agreement, emphasizing the role of personalized interactions in creating a positive customer experience. The slightly lower agreement with hiring and training knowledgeable baristas suggests that while expertise is valued, it may not be the top priority for the target market.

Overall, these findings provide a nuanced understanding of the target market's preferences, allowing the coffee shop company to tailor its marketing mix strategies effectively to meet customer expectations and enhance its competitiveness in the Chinese market.

3.3. Weaknesses of Coffee Shop Company in China

The assessment of weaknesses in the coffee shop company's operations in China provides valuable insights into areas that require attention and improvement. In the product dimension, the inability to adapt and cater to changing consumer trends and preferences emerged as the most significant weakness, indicating a potential misalignment with evolving market demands. The lower mean scores for limited menu variety, lack of options for specific dietary preferences, lack of innovation, and poor sourcing of coffee beans suggest room for enhancement in product diversity, creativity, and quality control.

Within the price dimension, inconsistent pricing across different locations stood out as a notable weakness, emphasizing the importance of standardizing pricing strategies to ensure fairness and transparency. The comparatively lower concern regarding higher pricing without a perceived value or unique selling proposition suggests that customers may be willing to pay more if they perceive added value.

In the place dimension, the failure to leverage strategic partnerships or co-location opportunities with complementary businesses was highlighted as a weakness. This underscores the potential benefits of establishing partnerships to enhance the coffee shop's presence and customer reach. The limited presence or absence in key areas further emphasizes the need to strategically position outlets in high-traffic locations.

Regarding promotion, weak or ineffective marketing campaigns that fail to communicate the unique value proposition emerged as a significant weakness. The lower concern about limited or inconsistent presence on popular Chinese social media platforms suggests that while online engagement is crucial, there may be other aspects of promotion that require more immediate attention.

In the performance dimension, limitations in product innovation and the absence of a comprehensive customer feedback system were identified as weaknesses. The lower concern about ineffective inventory management indicates that inventory-related issues may be less prominent but still warrant consideration for improvement.

Within the positioning dimension, the failure to effectively communicate the unique value proposition and key differentiators emerged as a key weakness, reinforcing the importance of clear and compelling brand messaging. The concern about a lack of a clear and compelling brand identity suggests a need for a more distinct and memorable brand presence.

In the process dimension, inefficient supply chain management was identified as a noteworthy weakness, underscoring the importance of streamlining operations for improved efficiency. The lower concern about inefficient operational processes leading to delays indicates a comparatively better performance in this aspect.

Within the people dimension, the lack of diversity and inclusion in the workforce emerged as a significant concern, emphasizing the importance of fostering a diverse and inclusive work environment. The lower concern about poor employee morale and motivation suggests that workforce motivation may be less of an immediate issue but still requires ongoing attention.

Overall, these identified weaknesses provide the coffee shop company with valuable insights for strategic planning and improvement initiatives. Addressing these weaknesses can enhance the overall customer experience, competitiveness, and operational efficiency in the Chinese market.

3.4. Proposed an Improved Marketing Plan Based on the Result of the Study

The comprehensive marketing plan outlines specific objectives and strategies across different areas to enhance the overall performance of the coffee shop. In the product area, the focus is on diversifying the product range by analysing popular drinks, selecting advanced equipment, and promoting new

items. The pricing strategy encompasses various approaches, including competitive pricing, cost-plus pricing, penetration pricing, price skimming, and value-based pricing, aiming to ensure competitiveness and profitability. The place strategy emphasizes strategic partnerships and co-location opportunities, targeting locations near boutiques, libraries, bookstores, museums, and maintaining an online presence. Promotion involves leveraging modern technologies to engage customers with diverse content, while performance improvement measures include investing in equipment, educating baristas, implementing loyalty programs, and creating an enjoyable atmosphere. The positioning strategy aims to effectively communicate unique value propositions, maintain consistent brand messaging, enhance brand reputation, and eliminate negative associations. Process improvement involves delivering quality processes, implementing customer loyalty programs, branding, hosting events, and considering franchise partnerships. The people strategy focuses on training, hiring the right staff, and conducting workshops. The collaborative effort of various departments with allocated resources is expected to yield outputs such as a diverse product range, competitive pricing, strategic partnerships, enhanced customer satisfaction, improved performance, effective targeting, efficient processes, and a skilled workforce.

4. Conclusions

The study provides a comprehensive profile of Manner Coffee Enterprise Management China Co. Ltd., highlighting its large enterprise status with over 25 years of operation, a substantial number of employees, and a diverse range of products and services. The marketing mix strategies revealed valuable insights into the preferences of the Chinese market, emphasizing the importance of localized and diverse product offerings, competitive pricing, strategic locations, engaging promotions, reliable supply chains, and personalized customer interactions. Identified weaknesses, ranging from product adaptation challenges to inconsistent pricing and limited promotional effectiveness, offer crucial areas for improvement. The proposed improved marketing plan integrates these findings, presenting a holistic strategy that aims to address weaknesses and capitalize on strengths. This plan, executed collaboratively across departments, is anticipated to result in a diversified product range, competitive pricing, strategic partnerships, increased customer satisfaction, improved performance, effective targeting, streamlined processes, and a skilled workforce. Overall, the

study provides actionable insights for Manner Coffee to enhance its market position and competitiveness in China.

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